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By: **Senators Ruben, Forehand, Currie, Frosh, Green, and Hogan**

Introduced and read first time: February 3, 2006

Assigned to: Judicial Proceedings

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A BILL ENTITLED

1 AN ACT concerning

2                   **Real Property - Condominium Conversions - Income Eligibility for**  
3                   **Extended Leases - Purchase of Rental Facility by Local Government or**  
4                   **Housing Agency**

5 FOR the purpose of authorizing a county or incorporated municipality to select the  
6 income eligibility figure to be used for certain purposes in the county or  
7 incorporated municipality; establishing the income eligibility figure to be used if  
8 a county or incorporated municipality does not select a figure; altering the  
9 options for disposition of a certain rental facility purchased by a county,  
10 incorporated municipality, or housing agency; making certain conforming  
11 changes in a certain notice; and generally relating to conversion of certain rental  
12 facilities to condominiums.

13 BY repealing and reenacting, with amendments,  
14 Article - Real Property  
15 Section 11-102.1(f), 11-137(n), and 11-138(b)  
16 Annotated Code of Maryland  
17 (2003 Replacement Volume and 2005 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20                   **Article - Real Property**

21 11-102.1.

22 (f) The notice referred to in subsection (a) of this section shall be sufficient for  
23 the purposes of this section if it is in substantially the following form. As to rental  
24 facilities containing less than 10 units, "Section 2" of the notice is not required to be  
25 given.

26                   "NOTICE OF INTENTION TO  
27                   CREATE A CONDOMINIUM

28                   ..... (Date)

1 This is to inform you that the rental facility known as .....  
2 may be converted to a condominium regime in accordance with the Maryland  
3 Condominium Act. You may be required to move out of your residence after 180 days  
4 have passed from the date of this notice, or in other words, after ..... (Date).

5 Section 1

6 Rights that apply to all tenants

7 If you are a tenant in this rental facility and you have not already given notice  
8 that you intend to move, you have the following rights, provided you have previously  
9 paid your rent and continue to pay your rent and abide by the other conditions of your  
10 lease.

11 (1) You may remain in your residence on the same rent, terms, and conditions  
12 of your existing lease until either the end of your lease term or until .....  
13 (Date) (the end of the 180-day period), whichever is later. If your lease term ends  
14 during the 180-day period, it will be extended on the same rent, terms, and conditions  
15 until ..... (Date) (the end of the 180-day period). In addition, certain  
16 households may be entitled to extend their leases beyond the 180 days as described in  
17 Section 2.

18 (2) You have the right to purchase your residence before it can be sold publicly.  
19 A purchase offer describing your right to purchase is included with this notice.

20 (3) If you do not choose to purchase your unit, and the annual income for all  
21 present members of your household did not exceed ..... (the income eligibility  
22 figure for the appropriate area [which equals approximately 80 percent of the median  
23 income for your county or standard metropolitan area]) for 20...., you are entitled to  
24 receive \$375 when you move out of your residence. You are also entitled to be  
25 reimbursed for moving expenses as defined in the Maryland Condominium Act over  
26 \$375 up to \$750 which are actually and reasonably incurred. If the annual income for  
27 all present members of your household did exceed ..... (the income eligibility  
28 figure for the appropriate area [which equals approximately 80 percent of the median  
29 income for your county or standard metropolitan area]) for 20...., you are entitled to  
30 be reimbursed up to \$750 for moving expenses as defined in the Maryland  
31 Condominium Act actually and reasonably incurred. To receive reimbursement for  
32 moving expenses, you must make a written request, accompanied by reasonable  
33 evidence of your expenses, within 30 days after you move. You are entitled to be  
34 reimbursed within 30 days after your request has been received.

35 (4) If you want to move out of your residence before the end of the 180-day  
36 period or the end of your lease, you may cancel your lease without penalty by giving  
37 at least 30 days prior written notice. However, once you give notice of when you  
38 intend to move, you will not have the right to remain in your residence beyond that  
39 date.

Section 2

1

2  
3

Right to 3-year lease extension or 3-month rent payment  
for certain handicapped citizens and senior citizens

4 The developer who converts this rental facility to a condominium must offer  
5 extended leases to qualified households for up to 20 percent of the units in the rental  
6 facility. Households which receive extended leases will have the right to continue  
7 renting their residences for at least 3 years from the date of this notice. A household  
8 may cancel an extended lease by giving 3 months' written notice if more than 1 year  
9 remains on the lease, and 1 month's written notice if less than 1 year remains on the  
10 lease.

11 Rents under these extended leases may only be increased once a year and are  
12 limited by increases in the cost of living index. Read the enclosed lease to learn the  
13 additional rights and responsibilities of tenants under extended leases.

14 In determining whether your household qualifies for an extended lease, the  
15 following definitions apply:

16 (1) "Handicapped citizen" means a person with a measurable limitation of  
17 mobility due to congenital defect, disease, or trauma.

18 (2) "Senior citizen" means a person who is at least 62 years old on the date of  
19 this notice.

20 (3) "Annual income" means the total income from all sources for all present  
21 members of your household for the income tax year immediately preceding the year in  
22 which this notice is issued but shall not include unreimbursed medical expenses if the  
23 tenant provides reasonable evidence of the unreimbursed medical expenses or  
24 consents in writing to authorize disclosure of relevant information regarding medical  
25 expense reimbursement at the time of applying for an extended lease. "Total income"  
26 means the same as "gross income" as defined in § 9-104(a)(7) of the Tax - Property  
27 Article.

28 To qualify for an extended lease you must meet all of the following criteria:

29 (1) A member of the household must be a handicapped citizen or a senior  
30 citizen and must be living in your unit as of the date of this notice and must have been  
31 a member of your household for at least 12 months preceding the date of this notice;  
32 and

33 (2) Annual income for all present members of your household must not have  
34 exceeded ..... ([80 percent of applicable median income] THE INCOME  
35 ELIGIBILITY FIGURE FOR THE APPROPRIATE AREA) for 20.....; and

36 (3) You must be current in your rental payments and otherwise in good  
37 standing under your existing lease.

1 If you meet all of these qualifications and desire an extended lease, then you  
2 must complete the enclosed form and execute the enclosed lease and return them. The  
3 completed form and executed lease must be received at the office listed below within  
4 60 days of the date of this notice, or in other words, by ..... (Date). If your  
5 completed form and executed lease are not received within that time, you will not be  
6 entitled to an extended lease.

7 If the number of qualified households requesting extended leases exceeds the 20  
8 percent limitation, priority will be given to qualified households who have lived in the  
9 rental facility for the longest time.

10 Due to the 20 percent limitation your application for an extended lease must be  
11 processed prior to your lease becoming final. Your lease will become final if it is  
12 determined that your household is qualified and falls within the 20 percent  
13 limitation.

14 If you return the enclosed form and lease by ..... (Date) you will be  
15 notified within 75 days of the date of this notice, or in other words, by .....  
16 (Date), whether you are qualified and whether your household falls within the 20  
17 percent limitation.

18 You may apply for an extended lease and, at the same time, choose to purchase  
19 your unit. If you apply for and receive an extended lease, your purchase contract will  
20 be void. If you do not receive an extended lease, your purchase contract will be  
21 effective and you will be obligated to buy your unit.

22 If you qualify for an extended lease, but due to the 20 percent limitation, your  
23 lease is not finalized, the developer must pay you an amount equal to 3 months rent  
24 within 15 days after you move. You are also entitled to up to \$750 reimbursement for  
25 your moving expenses, as described in Section 1.

26 If you qualify for an extended lease, but do not want one, you are also entitled to  
27 both the moving expense reimbursement previously described, and the payment  
28 equal to 3 months' rent. In order to receive the 3 month rent payment, you must  
29 complete and return the enclosed form within 60 days of the date of this notice or by  
30 ..... (Date), but you should not execute the enclosed lease.

31 All application forms, executed leases, and moving expense requests should be  
32 addressed or delivered to:

33 .....

34 .....

35 ..... "

36 11-137.

37 (n) (1) (I) The Secretary of State shall prepare [an] income eligibility  
38 [figure] FIGURES for each county and standard metropolitan statistical area of the

1 State[, which shall reasonably approximate 80 percent of the median income for each  
2 county and standard metropolitan statistical area].

3 (II) THE FIGURES SHALL REASONABLY APPROXIMATE:

4 1. 80 PERCENT OF THE MEDIAN INCOME FOR EACH COUNTY;

5 AND

6 2. 80 PERCENT OF THE MEDIAN INCOME FOR EACH  
7 METROPOLITAN STATISTICAL AREA.

8 (2) A county or incorporated municipality [which is in a standard  
9 metropolitan statistical area] may by LAW, ordinance, or resolution [adopt] SELECT  
10 the income eligibility figure [applicable to] TO BE USED IN the county or [standard  
11 metropolitan statistical area] INCORPORATED MUNICIPALITY.

12 (3) IF A COUNTY OR INCORPORATED MUNICIPALITY DOES NOT SELECT  
13 AN INCOME ELIGIBILITY FIGURE, 80 PERCENT OF THE MEDIAN INCOME FOR THE  
14 COUNTY SHALL BE USED.

15 11-138.

16 (b) (1) A county or an incorporated municipality may provide, by local law or  
17 ordinance, that a rental facility may not be granted to a purchaser for the purpose of  
18 subjecting it to a condominium regime unless the county, incorporated municipality or  
19 housing agency has first been offered in writing the right to purchase the rental  
20 facility on substantially the same terms and conditions offered by the owner to the  
21 purchaser. The local law or ordinance shall designate the title and mailing address of  
22 the person to whom the offer to the county, incorporated municipality or housing  
23 agency shall be delivered.

24 (2) The offer shall contain a contingency entitling the county,  
25 incorporated municipality or housing agency, to secure financing within 180 days  
26 from the date of the offer.

27 (3) Unless written acceptance of the offer is sooner delivered to the  
28 owner by the county, incorporated municipality or housing agency, the offer shall  
29 terminate, without further act, 60 days after it is delivered to the county, incorporated  
30 municipality or housing agency. If the offer terminates, the owner may grant the  
31 rental facility to any person for any purpose on terms and conditions not more  
32 favorable to a buyer than those offered by the owner to the county, incorporated  
33 municipality or housing agency.

34 (4) If the county, incorporated municipality, or housing agency purchases  
35 the rental facility, it shall retain or provide for the retention of:

36 (I) [the] THE property as a rental facility for at least 3 years from  
37 the date of acquisition; OR

1                    (II)        AT LEAST 20 PERCENT OF THE UNITS IN THE FACILITY AS  
2 RENTAL UNITS FOR 15 YEARS FROM THE DATE OF ACQUISITION FOR HOUSEHOLDS  
3 THAT DO NOT EXCEED THE APPLICABLE INCOME ELIGIBILITY FIGURE UNDER §  
4 11-137(N) OF THIS TITLE FOR THE COUNTY OR INCORPORATED MUNICIPALITY IN  
5 WHICH THE RENTAL FACILITY IS LOCATED.

6        SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 June 1, 2006.